GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:108
ANSWERED ON:30.11.2012
INDUSTRIAL GROWTH
Hazari Shri Maheshwar ;Verma Smt. Usha

Will the Minister of FINANCE be pleased to state:

(a)whether the Government has assessed the impact of the anti-price rise measures like stringent monetary policy and high interest rates, on the industrial production and if so, the details thereof and reaction of the Government thereto;

(b)the details of the domestic demand and export demand during each of the last three years and the current year; and

(c)the details thereof along with the measures being taken by the Government in this regard?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBRAM)

(a) to (c) A Statement is laid on the Table of the House.

STATEMENT REFFERED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 108 BY SHRI MAHESHWAR HAZARI AND SHRIMATI USHA VERMA REGARDING INDUSTRIAL GROWTH FOR ANSWER ON NOVEMBER 30 2012.

(a) Monetary policy stance of the Reserve Bank of India (RBI) to contain inflation has impacted industrial production partly through increased cost of borrowings and lower domestic investment. However, the ongoing industrial slowdown is due to play of a combination of factors such as lower investment, global slowdown resulting in lower demand for exports, rising input costs, infrastructure bottlenecks etc.

(b) The details of domestic demand comprising total final consumption expenditure, gross capital formation, exports and imports based on their share in the GDP at current market prices for the last three years are given below:

Components of GDP at Current Market prices (Share in per cent)

Components of GDP	2009-10	2010-11QE	2011-12RE
1.Total final consumption expenditure	69.4	68.4	67.7
1.1 Private final consumption expenditure	57.4	56.5	56.0
1.2 Government final consumption expenditure	12.0	11.9	11.7
2.Gross capital formation	36.1	35.8	35.5
3.Exports	20.1	22.8	24.6
4.Less Imports	25.5	26.9	29.8
5.Discrepancies	-0.2	-0.1	2.0
GDP at current market prices	100.0	100.0	100.0

Source: CSO; QE= quick estimates; RE= Revised Estimates

(c) Government has taken several confidence building measures for improving the industrial climate in the country. Government has approved the National Manufacturing Policy (NMP) with the objectives of enhancing the share of manufacturing in GDP and the creation of National Investment and Manufacturing Zones (NIMZs). Other measures include the promotion and facilitation of industrial investment, better access to finance for manufacturing sector and fast tracking of large investment projects in the areas of power, petroleum and gas, roads, coal etc. In order to supplement domestic investment, Government has liberalized Foreign Direct Investment policy in sectors such as multi brand retail, aviation, power and broadcasting. Government has also liberalized External Commercial Borrowings norms.